

U.S. Department of Justice

Washington, DC 20530

Supplemental Statement**Pursuant to the Foreign Agents Registration Act of 1938, as amended**For Six Month Period Ending 06/30/2013

(Insert date)

I - REGISTRANT

1. (a) Name of Registrant

(b) Registration No.

American Palm Oil Council

4575

(c) Business Address(es) of Registrant

1010 Wisconsin Avenue, NW

Suite 307

Washington, DC 20007

2. Has there been a change in the information previously furnished in connection with the following?

(a) If an individual:

(1) Residence address(es) Yes ☐ No ☐(2) Citizenship Yes ☐ No ☐(3) Occupation Yes ☐ No ☐

(b) If an organization:

(1) Name Yes ☐ No ☒(2) Ownership or control Yes ☐ No ☒(3) Branch offices Yes ☐ No ☒

(c) Explain fully all changes, if any, indicated in Items (a) and (b) above.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, AND 5(a).3. If you have previously filed Exhibit C¹, state whether any changes therein have occurred during this 6 month reporting period.Yes ☐No ☒

If yes, have you filed an amendment to the Exhibit C?

Yes ☐No ☐

If no, please attach the required amendment.

¹ The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, and by laws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, National Security Division, U.S. Department of Justice, Washington, DC 20530.)

4. (a) Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period?

Yes ☐ No ☒

If yes, furnish the following information:

Name	Position	Date Connection Ended
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(b) Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?

Yes ☐ No ☒

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
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5. (a) Has any person named in Item 4(b) rendered services directly in furtherance of the interests of any foreign principal?

Yes ☐ No ☒

If yes, identify each such person and describe the service rendered.

(b) During this six month reporting period, has the registrant hired as employees or in any other capacity, any persons who rendered or will render services to the registrant directly in furtherance of the interests of any foreign principal(s) in other than a clerical or secretarial, or in a related or similar capacity? Yes ☐ No ☒

Name	Residence Address	Citizenship	Position	Date Assumed
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(c) Have any employees or individuals, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name	Position or Connection	Date Terminated
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(d) Have any employees or individuals, who have filed a short form registration statement, terminated their connection with any foreign principal during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name	Position or Connection	Foreign Principal	Date Terminated
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6. Have short form registration statements been filed by all of the persons named in Items 5(a) and 5(b) of the supplemental statement?

Yes ☐ No ☐

If no, list names of persons who have not filed the required statement.

N/A

II - FOREIGN PRINCIPAL

7. Has your connection with any foreign principal ended during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Foreign Principal

Date of Termination

8. Have you acquired any new foreign principal(s)² during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name and Address of Foreign Principal(s)

Date Acquired

9. In addition to those named in Items 7 and 8, if any, list foreign principal(s)² whom you continued to represent during the 6 month reporting period.

Malaysian Palm Oil Promotion Council
Kuala Lumpur, Malaysia

10. (a) Have you filed exhibits for the newly acquired foreign principal(s), if any, listed in Item 8?

Exhibit A³ Yes ☐ No ☐

Exhibit B⁴ Yes ☐ No ☐

If no, please attach the required exhibit.

- (b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes ☐ No ☒

If yes, have you filed an amendment to these exhibits? Yes ☐ No ☐

If no, please attach the required amendment.

² The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a) (9)). A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

³ The Exhibit A, which is filed on Form NSD-3 (Formerly CRM-157) sets forth the information required to be disclosed concerning each foreign principal.

⁴ The Exhibit B, which is filed on Form NSD-4 (Formerly CRM-155) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

III - ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☒ No ☐

If yes, identify each foreign principal and describe in full detail your activities and services:

SEE ATTACHMENT #1

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity⁵ as defined below? Yes ☐ No ☒

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits your foreign principal(s)? Yes ☐ No ☒

If yes, describe fully.

⁵ The term "political activity" means any activity that the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting or changing the domestic or foreign policies of the United States or with reference to political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV - FINANCIAL INFORMATION**14. (a) RECEIPTS-MONIES**

During this 6 month reporting period, have you received from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes ☒ No ☐

If no, explain why.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.⁶

Date	From Whom	Purpose	Amount
SEE ATTACHMENT #2			

\$206,742.26

Total

(b) RECEIPTS - FUNDRAISING CAMPAIGN

During this 6 month reporting period, have you received, as part of a fundraising campaign⁷, any money on behalf of any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☐ No ☒

If yes, have you filed an Exhibit D to your registration? Yes ☐ No ☐

If yes, indicate the date the Exhibit D was filed. Date _____

(c) RECEIPTS-THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁹ other than money from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal?

Yes ☐ No ☒

If yes, furnish the following information:

Foreign Principal	Date Received	Thing of Value	Purpose
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6, 7 A registrant is required to file an Exhibit D if he collects or receives contributions, loans, moneys, or other things of value for a foreign principal, as part of a fundraising campaign. (See Rule 201(e)).

8 An Exhibit D, for which no printed form is provided, sets forth an account of money collected or received as a result of a fundraising campaign and transmitted for a foreign principal.

9 Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) DISBURSEMENTS-MONIES

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☒ No ☐(2) transmitted monies to any such foreign principal? Yes ☐ No ☐

If no, explain in full detail why there were no disbursements made on behalf of any foreign principal.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To Whom	Purpose	Amount
SEE ATTACHMENT #3			

\$239,883.65

Total

(b) **DISBURSEMENTS-THINGS OF VALUE**

During this 6 month reporting period, have you disposed of anything of value¹⁰ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in Items 7, 8, or 9 of this statement?

Yes ☐

No ☒

If yes, furnish the following information:

Date	Recipient	Foreign Principal	Thing of Value	Purpose
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(c) **DISBURSEMENTS-POLITICAL CONTRIBUTIONS**

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value¹¹ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes ☐

No ☒

If yes, furnish the following information:

Date	Amount or Thing of Value	Political Organization or Candidate	Location of Event
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^{10, 11} Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks" and the like.

V - INFORMATIONAL MATERIALS

16. (a) During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any informational materials?¹²
 Yes ☒ No ☐

If Yes, go to Item 17.

- (b) If you answered No to Item 16(a), do you disseminate any material in connection with your registration?
 Yes ☐ No ☐

If Yes, please forward the materials disseminated during the six month period to the Registration Unit for review.

17. Identify each such foreign principal.
 Malaysian Palm Oil Promotion Council

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating informational materials? Yes ☐ No ☒
 If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following:

- ☐ Radio or TV broadcasts ☐ Magazine or newspaper ☐ Motion picture films ☐ Letters or telegrams
☐ Advertising campaigns ☐ Press releases ☒ Pamphlets or other publications ☐ Lectures or speeches
☐ Other (specify) _____

Electronic Communications

- ☐ Email
☐ Website URL(s): _____
☐ Social media websites URL(s): _____
☐ Other (specify) _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated informational materials among any of the following groups:

- ☐ Public officials ☐ Newspapers ☐ Libraries
☐ Legislators ☐ Editors ☐ Educational institutions
☐ Government agencies ☐ Civic groups or associations ☐ Nationality groups
☒ Other (specify) Trade Associations _____

21. What language was used in the informational materials:

- ☒ English ☐ Other (specify) _____

22. Did you file with the Registration Unit, U.S. Department of Justice a copy of each item of such informational materials disseminated or caused to be disseminated during this 6 month reporting period? Yes ☒ No ☐

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act?
 Yes ☐ No ☐

¹² The term informational materials includes any oral, visual, graphic, written, or pictorial information or matter of any kind, including that published by means of advertising, books, periodicals, newspapers, lectures, broadcasts, motion pictures, or any means or instrumentality of interstate or foreign commerce or otherwise. Informational materials disseminated by an agent of a foreign principal as part of an activity in itself exempt from registration, or an activity which by itself would not require registration, need not be filed pursuant to Section 4(b) of the Act.

VI - EXECUTION

In accordance with 28 U.S.C. § 1746, the undersigned swear(s) or affirm(s) under penalty of perjury that he/she has (they have) read the information set forth in this registration statement and the attached exhibits and that he/she is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her (their) knowledge and belief, except that the undersigned make(s) no representation as to truth or accuracy of the information contained in the attached Short Form Registration Statement(s), if any, insofar as such information is not within his/her (their) personal knowledge.

(Date of signature)

(Print or type name under each signature or provide electronic signature¹³)

July 29, 2013

/s/ Mohamed Salleh Bin Mohd Kassim

eSigned

¹³ This statement shall be signed by the individual agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions, if the registrant is an organization, except that the organization can, by power of attorney, authorize one or more individuals to execute this statement on its behalf.

American Palm Oil Council

Registration #4575

Reporting Period: January 1, 2013 – June 30, 2013

Attachment #1

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in 7,8, and 9 of this statement?

Yes.

If yes, identify each such foreign principal and describe in full detail your activities and services.

During this 6 month period, the registrant has continued to represent Malaysia Palm Oil Promotional Council at various exhibits, conferences, meetings and seminars throughout the country.

January 1 – June 30, 2013		
Date	Exhibitions/Conferences	Venue
Feb 05-07	National Biodiesel Conference (NBB)	Las Vegas, NV
Feb 21-22	USDA Conference	Arlington, VA
March 08-10	National Product Expo West (NPEW)	Anaheim, CA
March 10-12	NIOP Annual Convention	Scottsdale, AZ
April 26	Michigan Academy Exhibition (MDA)	Detroit, MI
May 04	Passport DC	Washington, DC
May 18-21	National Restaurant Association (NRA) Expo	Chicago, IL
June 11	Introduction to Oilseed Training	Chicago, IL

DSMDB-3183826v1

American Palm Oil Council

Registration #4575

Reporting Period: January 1, 2013 – June 30, 2013

Attachment #2

14. During this 6 month reporting period, have you received from any foreign principal named in Items 7,8, and 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise?

Yes.

DATE	FROM	PURPOSE	AMOUNT
1/28/2013	MPOC	OPERATING FUNDS FOR JANUARY	\$19,985.00
2/13/2013	MPOC	OPERATING FUNDS FOR FEBRUARY	\$19,985.00
3/1/2013	MPOC	REFUND FOR REGISTRATION FEE	\$315.00
3/1/2013	FEDEX	REFUND	\$98.05
3/11/2013	MPOC	OPERATING FUNDS FOR MARCH	\$19,985.00
4/4/2013	MPOC	OPERATING FUNDS FOR APRIL	\$29,982.00
4/4/2013	MPOC	OPERATING FUNDS FOR APRIL	\$29,982.00
5/10/2013	MPOC	OPERATING FUNDS FOR MAY	\$18,985.00
5/10/2013	MPOC	OPERATING FUNDS FOR MAY	\$18,985.00
5/28/2013		GOFF 8 REGISTRATION FEE	\$350.00
5/30/2013	US TREASURY	REFUND	\$11.21
5/30/2013	FADZLI	REFUND	\$115.00
6/7/2013	MPOC	OPERATING FUNDS FOR JUNE	\$23,982.00
6/7/2013	MPOC	OPERATING FUNDS FOR JUNE	\$23,982.00
TOTAL FUNDS RECEIVED			\$206,742.26

MONTH	DESCRIPTION					AMOUNT
FEB	SALARIES					\$5,000.00
	TAXES AND LEGAL DUES					\$2,074.00
	OFFICE AND HOUSING RENTALS					\$10,656.00
	OFFICE PARKING					\$505.72
	TELEPHONE/WEB SERVICES					\$1,140.36
	OFFICE EQUIPMENT - LEASE					\$263.07
	OFFICE SUPPLIES					\$860.12
	COURIER SERVICES					
	EXHIBITIONS					\$6,693.25
	ADMINISTRATION					\$4,543.97
	SUBSCRIPTIONS					
	POSTAGES					
	PETTY CASH					
	MEDIA RELATIONS					\$1,750.00
		TOTAL				\$33,486.49
MONTH	DESCRIPTION					AMOUNT
MARCH	SALARIES					\$5,000.00
	TAXES AND LEGAL DUES					\$1,855.99
	OFFICE AND HOUSING RENTALS					\$10,656.00
	OFFICE PARKING					\$505.72
	TELEPHONE/WEB SERVICES					\$632.94
	OFFICE EQUIPMENT - LEASE					\$139.26
	OFFICE SUPPLIES					\$378.76
	COURIER SERVICES					\$154.55
	EXHIBITIONS					\$6,430.55
	ADMINISTRATION					\$10,590.90
	SUBSCRIPTIONS					
	POSTAGES					
	PETTY CASH					
	MEDIA RELATIONS					\$2,335.00
	MARKET VISIT					\$4,617.00
		TOTAL				\$43,296.67
MONTH	DESCRIPTION					AMOUNT
APRIL	SALARIES					\$5,000.00

	TAXES AND LEGAL DUES					\$8,554.47
	OFFICE AND HOUSING RENTALS					\$10,656.00
	OFFICE PARKING					\$505.72
	TELEPHONE/ WEB SERVICES					\$676.69
	OFFICE EQUIPMENT- LEASE					\$139.26
	OFFICE SUPPLIES					\$201.83
	COURIER SERVICES					\$90.30
	EXHIBITIONS					\$11,559.67
	ADMINISTRATION					\$7,788.96
	SUBSCRIPTIONS					\$51.24
	POSTAGES					
	PETTY CASH					\$199.62
	MEDIA RELATIONS					\$1,000.00
		TOTAL				\$46,423.76
MONTH	DESCRIPTION					AMOUNT
MAY	SALARIES					\$5,000.00
	TAXES AND LEGAL DUES					\$1,804.00
	OFFICE AND HOUSING RENTALS					\$10,656.00
	OFFICE PARKING					\$505.72
	TELEPHONE/WEB SERVICES					\$566.14
	OFFICE EQUIPMENT - LEASE					\$139.26
	OFFICE SUPPLIES					\$573.93
	COURIER SERVICES					\$580.58
	EXHIBITIONS					\$805.54
	ADMINISTRATION					\$22,063.61
	SUBSCRIPTIONS					\$51.24
	POSTAGES					
	PETTY CASH					\$173.93
	MEDIA RELATIONS					\$1,000.00
		TOTAL				\$43,919.95
MONTH	DESCRIPTION					AMOUNT
JUNE	SALARIES					\$5,000.00
	TAXES AND LEGAL DUES					\$4,048.19
	OFFICE AND HOUSING RENTALS					\$10,656.00
	OFFICE PARKING					\$505.72
	TELEPHONE/WEB SERVICES					\$784.71
	OFFICE EQUIPMENT- LEASE					\$139.26
	OFFICE SUPPLIES					\$169.59

		COURIER SERVICES					\$56.71
		EXHIBITIONS					\$3,691.98
		ADMINISTRATION					\$16,521.80
		SUBSCRIPTIONS					
		POSTAGES					
		PETTY CASH					
		MEDIA RELATIONS					
			TOTAL				\$41,573.96
			TOTAL DISBURSEMENT				\$239,883.65



MALAYSIAN PALM OIL FORTUNE®

MALAYSIAN PALM OIL COUNCIL

KKDN PP 14669/05/2013 (032704)

VOL: 1 2013

Logistics - Challenge to Oils and Fats Imports into Russia



Name of district

Central Federal District

Southern Federal District
North Western Federal District
Far Eastern Federal District
Siberian Federal District
Urals Federal District

Population

38,438,600
13,856,700
13,583,800
6,291,900
19,254,300
12,082,700

Administrative center

Moscow
Rostov-on-Don
Saint Petersburg
Khabarovsk
Novosibirsk
Yekaterinburg

Volga Federal District

North Caucasian Federal District

29,900,400
9,496,800

Nizhny Novgorod
Pyatigorsk

GENERALLY speaking, Russia is an enormous country. About 145 million people live on the territory of 17 million sq-km. The bulk of the population is concentrated in the Central and Volga Federal Districts. The potential of the market is huge. Roughly speaking, exports of oils and fats can be as high as one million metric tonnes (MT) and more. This is 40% to 50% larger than the current imports.

This enormity complicates logistics for the delivery of palm oil in bulk. If we are keen about this market, we must prepare for a long haul. From the very first step, we have to set out the final points of delivery. The final choice must be between the basins of the Black Sea and Baltic Sea.

We are talking about bulk, because bulk deliveries make the bulk of imports – of up to 53% (See table below).

When making a choice between these two seas, we must first find the correct location of the ships' arrival

number of facts must be noted. The main ports of the Black Sea are located on the side of Ukraine. Yuzhny, Odessa and Ilyichevsk have deepwater berths. This gives them a preference in the import of palm oil to Russia. The Port of Taman and Port of Novorossiysk are located in Russia, but because of a number of reasons, they are in a less favorable position.

Another fact complicating the import of tropical oils to Russia is that Russia has limited capacity for handling and transshipment of tropical oils. Ukraine has over 200,000 MT of the transshipment capacity, while Russia has less than 80 000 MT.

MARKETING & MARKET DEVELOPMENT DIVISION

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So, the situation is complicated but we should not be overly concerned for the market is huge and we can assist with the task. Therefore, there are some steps we must take to effectively tap the huge Russian market.

First of all, the key to success would be the port of discharge. The choices are limited, so an important first step is to establish contacts with the port authorities. The reason for this is that Russia mainly exporting raw materials, such as oil, gas, coal, metal and wood, while import-export of food products takes up no more than 1% (See page 7).

Russian port authorities will think twice before approving the construction of a terminal. In some ports, for example St. Petersburg, space is severely limited and the port authority will prefer working with an exporter of resources rather than an importer of edible oils.

Second, freight from Malaysia to Russia takes long time, 25 to 30 days. There

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Jan - Dec, 2012	Volume (MT)	Value (RM million)
PALM OIL	59,494	173.39
PALM KERNEL OIL	8,380	42
OLEOCHEMICALS	7,064	35
FINISHED PRODUCTS	12,023	75



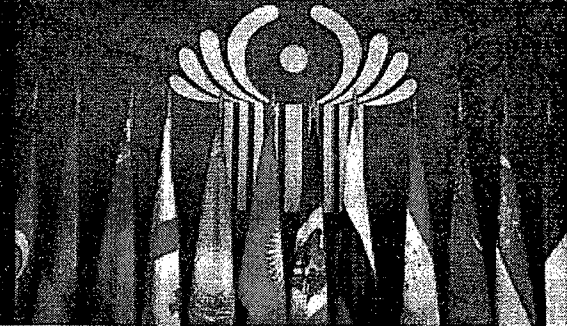
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MALAYSIAN PALM OIL COUNCIL

KKDN PP 14669/05/2013 (032704)

VOL: 2 2013

CIS Region: The Forefront of Palm Oil Import Growth in Eastern Europe



EXPERTS have predicted that with the easing of the Eurozone debt crisis, the economies of Eastern Europe are poised for better growth this year. The forecast is that eight of the 10 growing economies in Europe will be Eastern European countries, notably the former Soviet Union states of Russia, Ukraine, Belarus and Moldova, and the Baltic states of Estonia and Latvia. The other two countries in the region forecast with a favourable economic outlook are Georgia and Kosovo.

Despite relying on the Eurozone as a main source of capital and as their biggest export markets, these Eastern European economies have seen an upturn in growth levels. Although growth rates have not returned to the pre-crisis levels, these economies are certainly looking beyond their developed counterparts in Europe for prospective investors.

The Eastern European countries have learned from the mistakes of their neighbours and are becoming more dynamic, outward-looking economies to ensure they achieve sustainable, long-term growth.

Government Policies and Major Industries

After experiencing a steady growth in 2011, the economic growth in this region took a dip last year and is expected to remain the same in 2013. The region's integration into the world economy promises long-term benefits, but it also created problems during the downturn. Most economies will see a general shift toward services and lighter industries in the medium-term, with tourism increasingly becoming an important industry.

In order to improve competitiveness and boost its economic growth, these governments have adopted definitive policies to attract and invest in their

Table 1: GDP Growth Forecast for Top 10 Fastest-growing European Economies in 2013

	%
Georgia	5.5
Moldova	5.0
Kosovo	4.1
Turkey	4.0
Ukraine	3.6
Belarus	3.4
Russia	3.2
Estonia	3.0
Latvia	2.8
Norway	2.8

Source: Euromonitor International

economies in the 2013 World Bank Ease of Doing Business Index, has built up an excellent investment environment, thanks to its well regulated business environment and its low rate of corporate tax, which at 16.5% is lower than the average Western European tax rate.

Therefore, Georgia is expected to have the fastest growing economy in the region in 2013. On the other hand, Moldova has made reducing state-intervention a key priority and is pursuing privatisation measures to encourage Foreign Direct Investment (FDI) and increase competitiveness, as well as significantly reducing red tape.

In the CIS region, Ukraine entered into a loan arrangement with China in 2012, with China offering Ukraine lines of credit worth US\$3 billion in exchange for maize. This is a major example of emerging markets becoming more dependent on one another, a trend we're expecting to see much more of in 2013. Ukraine is also home to one of the largest stocks

Russia, the region's largest economy, will also perform strongly in 2013, with real growth forecast at 3.7%. Low unemployment levels and high capacity utilisation in 2012 will continue into this year, but risks remain, given the country's dependence on the energy markets. Russia's accession to the World Trade Organisation (WTO) in 2012 is seen to be beneficial in helping its trade growth over the medium-term.

According to Euromonitor, very little of Eastern Europe's agricultural sector is efficient. Agriculture employs 11.6% of the workforce in the region, yet produces only 4.6% of the region's GDP. Manufacturing, on the other hand is more efficient, employing 15.9% of the workforce and producing 16.8% of the GDP in the region.

Continued on page 7 ►

MARKETING & MARKET DEVELOPMENT DIVISION

DIRECTOR

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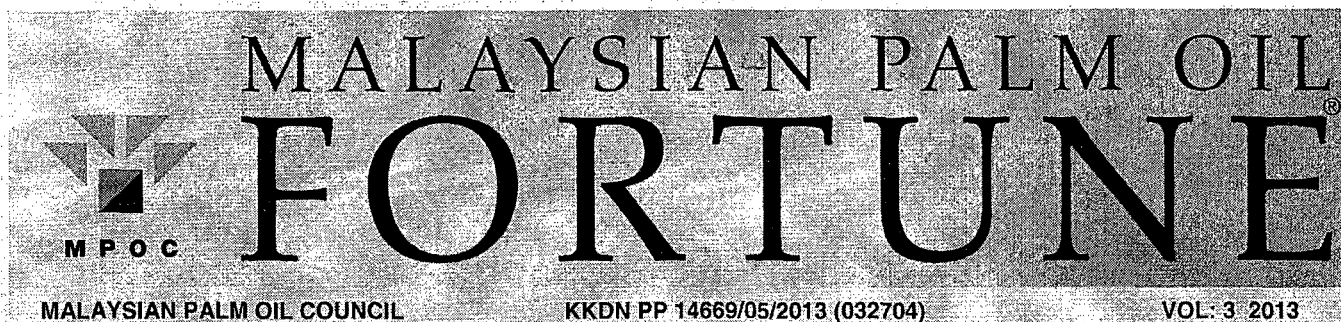
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China's Bakery Industry Continues to Drive Palm Oil Products Demand

Part 1 of 2

BAKERY products can be broadly categorised into three segments: bread, cakes and pastries. According to Euromonitor, the consumption of bakery products in China is forecast to increase to 6.89 million metric tonnes (MT) in 2012, which represents a CAGR of approximately 7.1% from 2007 to 2012.

In the latest two years, the growth reached 8% and 7.8% respectively, demonstrating the accelerating development of China's bakery industry. Table 1 shows bakery products consumption in China under each segment from 2007 to 2011 and the forecast figures for 2012.

The biggest share of bakery products consumed in China is in pastries. In 2011, the share of pastries was approximately 58.5% and is estimated to maintain at about 58.6% in 2012. Consumption of pastries increased from 2.85 million MT in 2007 to 4.03 million MT, being the estimated figure for 2012, with a CAGR of approximately 7.1%.

Pastries are characterised by variety. Product innovations and variety are the key factors that promote stable growth. The average growth rate of pastry

consumption is expected to continue increasing over the next three years.

Bread sales in China are driven by increasing health consciousness as more and more consumers become aware that bread is one of the healthiest cereal foods with high nutritional value as well. For instance, bread contains less sugar and oil than cakes and pastries.

As a result, bakery products manufacturers have been launching new and healthy bread products, such as enriched/fortified bread, high fibre bread, nutritional mixed-cereal bread, egg bread, five-cereal bread and so on. Hence, the increase in bread consumption has performed better than that of cakes and pastries, representing an annual growth of 7.6% from 2007 to 2012. With growing urbanisation and the demand for healthy food by consumers, the consumption of bread in China over the next three years is expected to grow steadily.

As for cakes, a significant number are served in birthday celebrations or as gifts to family and friends for different occasions as well as served at breakfast and as desserts. The consumption is

relatively stable among cities in China. From 2007 to 2012, cake consumption has been growing at an average of 6.2% annually.

In terms of per capita annual consumption, China lags behind other developed countries but has a higher potential for future growth. In 2011, the per capita consumption of bakery products in China was 4.8kg and this is forecast to increase to 5.1kg in 2012, or a 6.25% growth.

China's bakery market is definitely growing and evolving at a brisk pace. At this pace, it is likely to be among the top three countries in market value in the next few years. Although the bakery industry is developing fast, the market remains highly competitive and to date there is no leading brand dominating the market at the national level. Most of the bakery enterprises elect to operate their businesses regionally.

With the industry having a relatively low entry barrier, the country is likely to see a lot of action in bakery market with more companies entering and global heavyweights fighting it out for a share of this attractive market. In the current situation, the small and medium-sized bakery enterprises are the ones with the majority stakes in bakery market shares.

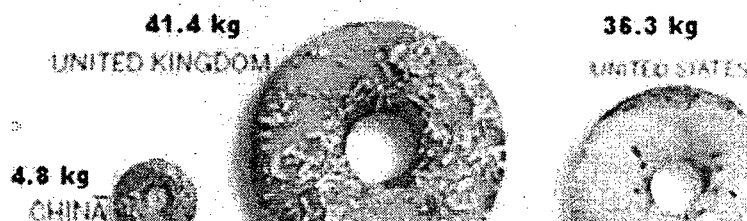
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Table 1: Consumption of Bakery Products in China ('000 MT)

	2007	2008	2009	2010	2011	2012*	2007-2012 CAGR
Bread	1,133.3	1,221.1	1,305.4	1,412.6	1,519.4	1,631.0	7.6%
Cakes	895.5	951.8	997.1	1,051.3	1,125.1	1,209.7	6.2%
Pastries	2,853.0	3,041.0	3,206.0	3,432.2	3,724.6	4,027.3	7.1%
Baked Goods	4,881.8	5,241.0	5,508.5	5,896.1	6,369.1	6,868.1	7.1%

Source: Euromonitor

Chart 1: Per capita Consumption of Bakery Products in 2011



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